

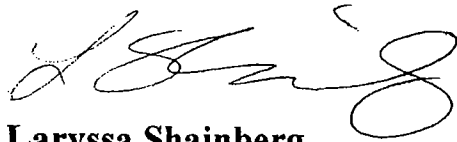
December 7, 2005
Rudd Realty Management Corp.
Seward Park office
413 Grand Street
New York, N.Y. 10002

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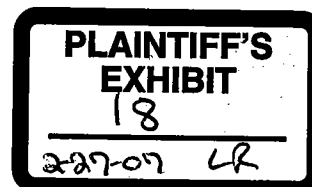
Dear Management Agent,

I am seeking and I have been approved by Emigrant Bank for a Home Equity Loan on my Cooperative apartment. The reason I am taking out this loan is to purchase in full a vacation home in Loch Sheldrake, New York. I am also paying credit card balances due and any minor taxes that may be due in 2005. I have enclosed all necessary paperwork from Emigrant Bank and the Home Equity Application with two checks, two hundred and fifty dollars to Rudd Realty Management Corp. and fifty dollars to Seward Park Housing Corporation.

Sincerely,



Laryssa Shainberg
385 Grand Street, #L806
N.Y. N.Y. 10002
917- cell
212- home
212- fax



ASSETS AND LIABILITIES STATEMENT

Applicant's Name LARYSSA SHAINBERGStatement of Financial Condition as of the 1st day of DECEMBER, 200

Please Note: Supporting documentation for all assets and liabilities is to be attached to this statement. Please use the word "where no amount is to be entered."

ASSETS		LIABILITIES	
Cash in bank (attach bank statements)	\$ 2000	Notes Payable (attach schedule B)	\$ —
Downpayment on contract (if paid)		Mortgages payable (attach schedule A)	—
Securities (Stocks & Bonds-attach statements)	57,000	Unpaid Real Estate Taxes	—
Cash value of life insurance, less any loans		Unpaid Income Taxes	APX 3500
Investment in own business <u>OIL TERMINAL</u>	2,500,000	Accounts Payable (attach schedule C)	
Real Estate Owned (attach schedule A)	800,000	Outstanding Credit Card Balances (attach schedule C)	9894
Vested Interest in Retirement Fund		Other Liabilities (itemize)	
Automobile (make and year)		<u>CAR LEASE 469 per mo.</u>	
Loans and Notes Receivable		<u>for \$17,374 over 5 year term</u>	
Personal Property and Furniture			
Other Assets (itemize)			
<u>ART</u>	75,000		
<u>STAMPS</u>	1,500,000		
TOTAL ASSETS	\$ 4,934,000	TOTAL LIABILITIES	\$ 13,394
Contingent Liabilities (personal guarantees or potential liabilities-attach schedule D)	\$	NET WORTH (excess of assets over liabilities)	\$ 4,920,606

The foregoing statements and details pertaining thereto, both printed and written, have been carefully read and the undersigned hereby solemnly declares and certifies that same is a full and correct exhibit of my/our financial condition.

Date 12/1/05

[Signature]
Signature of Applicant

Signature of Applicant

SCHEDULE A - REAL ESTATE OWNED

Location and Type of Property	Title In the Name of	Date Acquired	Cost	Recent Appraised Value	Mortgage Balance	Maturity Date	Monthly Payment
385 Grand St. #L806	Laryssa Shalberg	4/3/03	TSFR	800,000	0	—	—

SCHEDULE B - NOTES PAYABLE

Amount	Due to	In Name of	Maturity Date	Collateral	Monthly Payment

SCHEDULE C - ACCOUNTS PAYABLE (include credit card balances here)

Amount	Due to	In Name of	Maturity Date	Month Payment
6010	CHASE	Laryssa Shalberg	Rev	200
1929	CHASE	" "	Rev	100
1304	CAPITAL 1 BANK	" "	Rev	100
561	Washington Mutual	" "	Rev	50
90	Bank of America	" "	Rev	10

SCHEDULE D - CONTINGENT LIABILITIES

Amount	Type	Due to	Obligor	Final Maturity/ or repayment	Collateral *

*including Letters of Credit and Surety Bonds

GRAUBARD DECL. EX. 25

SEC150
SP0434

2005 YEARLY INCOME AND EXPENSE STATEMENT

Instructions: If the income tax statement you submit with this application is for the prior calendar year, then complete the form for the current calendar year only. If you have not submitted a filed income tax statement for the prior calendar year, complete two forms; one for the preceding year and one for the current calendar year.

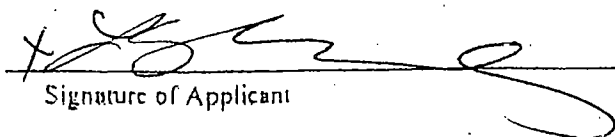
Applicant's Name LADYSSA SHAINBERG

INCOME		EXPENSES	
Salary (or earned income)	\$	Mortgage Payments (principal & interest)	
Bonus and Commissions		Real Estate Taxes	—
Real Estate Income (Net)		Rent/Co-op/Condo Maintenance	9000
Share of partnership income (loss)		Loan or Note Payments	—
Business Income (Net) Sole Proprietorship	36,000	Auto Loan/Lease Payments	2352
Dividends		Insurance Premiums Life, Health, CAR, HOME	14,984
Interest		Tuition Expenses	21,500
Pension (IRA, Keogh)		Charitable Contributions	3500
Social Security		Medical (unreimbursed)	7000
Investments (describe)		Alimony, Child Support, maint.	—
See below		Living Expenses (food, clothing, utilities, etc)	24,000
Other Income (itemize) Stock sales net	110,904	Credit Card payments	3,000
ART Sales net	9,000	Investment Expenses	500
MUTUAL FUND sales net	94,663	Pension (IRA, Keogh)	—
		Other Expenses (itemize) Business	12,000
		Social Security	—
		Medicare	—
		Income Taxes APPX.	7500
TOTAL INCOME	\$ 250,567	TOTAL EXPENSES	105,336

List any unsatisfied judgments or legal actions pending against you and the amounts involved N/A

Have you ever gone through bankruptcy or other insolvency proceedings? No

Date 12/01/05


Signature of Applicant

2004 YEARLY INCOME AND EXPENSE STATEMENT

Instructions: If the income tax statement you submit with this application is for the prior calendar year, then complete th for the current calendar year only. If you have not submitted a filed income tax statement for the prior calendar year, complete two forms; one for the preceding year and one for the current calendar year.

Applicant's Name

Laryssa Shainberg

INCOME		EXPENSES	
Salary (or earned income)	\$19,230	Mortgage Payments (principal & interest)	
Bonus and Commissions		Real Estate Taxes	
Real Estate Income (Net)		Rent/Co-op/Condo Maintenance	8400
Share of partnership income (loss)		Loan or Note Payments	
Business Income (Net) Sole Proprietorship		Auto Loan/Lease Payments	2352
Dividends		Insurance Premiums	14984
Interest		Health, Life, car, home	17,000
Pension (IRA, Keogh)		Tuition Expenses	3500
Social Security		Charitable Contributions	5800
Investments (describe)		Medical (unreimbursed)	—
See below		Alimony, Child Support, maint.	—
Other Income (itemize)		Living Expenses (food, clothing, utilities, etc)	24,000
		Credit Card payments	5000
Stock Sales net	86,480	Investment Expenses	300
Fund Sales	10,752	Pension (IRA, Keogh)	—
Art Sales	5,000	Other Expenses (itemize)	—
		Social Security	—
		Medicare	—
		Income Taxes	3500
TOTAL INCOME	\$12,462	TOTAL EXPENSES	\$84826

List any unsatisfied judgments or legal actions pending against you and the amounts involved

N/A

Have you ever gone through bankruptcy or other insolvency proceedings?

No

Date

12/1/05

Signature of Applicant

GRAUBARD DECL. EX. 25

Signature of Applicant

SEC150
SP0436



RUDD REALTY
MANAGEMENT CORP.

545 Madison Avenue, New York, NY 10022

CREDIT CHECK AUTHORIZATION

REDACTED

I hereby authorize RUDD REALTY MANAGEMENT CORP. to conduct an inquiry concerning my credit history. I understand that the procurement of such report may contain information as to my background, mode of living, character and personal reputation. I release RUDD REALTY MANAGEMENT from any liability and responsibility from doing so.

PLEASE PRINT CLEARLY

LARYSSA SHAINBERG
NAME

385 GRAND ST. #1806
ADDRESS

New York NY 10002
CITY STATE ZIP

[REDACTED] 2-[REDACTED]-69
SOCIAL SECURITY NUMBER DATE OF BIRTH

PROPOSED APARTMENT LOCATION AT _____

MANAGING AGENT IS Rudd Realty MGT / Seward Park Housing Corp.

[Signature] 12/1/05
SIGNATURE DATE

[This form is not intended for use where the Proprietary Lease already has "financing provisions" which duplicate the substance of this agreement or are at substantial variance with the provisions of this agreement.]

Premises: 385 Grand St, New York, NY 10002

Apartment: L806

Gentlemen:

We have been asked by Laryssa D. Shainberg

("Lessee")

for a loan of \$ 250,000.00 to be secured by a pledge, security interest, mortgage and/or assignment (hereinafter sometimes collectively referred to as "the Security") of shares of your Corporation allocated to the above Apartment and of the Proprietary Lease (the "Lease") appurtenant thereto (the shares and Lease collectively referred to as "the Apartment").

1. (a) You are a New York corporation formed for the purpose of cooperative ownership and (owner in fee) of the above premises.
(ground tenant)

(b) Your records show that the Lessee is the owner of the Apartment.

(c) You have duly approved or consented to the creation by the Lessee of the Security, if and to the extent such approval is required by the Lease.

2. (a) You will not consent to any further encumbrances, subletting, termination, cancellation, surrender or modification of the Apartment by the Lessee without our approval, which we will not unreasonably withhold but this provision shall not apply to any modification or termination which, by the terms of the Lease, may be effective against a Lessee when approved by a fixed percentage of other holders of your shares, or which may be effective in the event of condemnation or casualty.

(b) The Lessee has agreed that, without our written approval, the Lessee will not exercise any right that he may have under the lease to terminate the lease so long as the loan is outstanding. Accordingly you will not consider any attempt to do so effective.

(c) You will notify us of any notice of intention to terminate the Lease, and

(1) If the Lessee's default can be cured by the payment of money, you will also notify us promptly of any default involving an amount equal to or exceeding three months maintenance payments and will take no action to terminate the Lease or cancel the shares if the default be cured either by us for the account of the Lessee or by the Lessee within 15 days after such notice of default or intention to terminate; or

(2) If the default cannot be so cured, you will institute no action to terminate the Lease or cancel the shares until we have had reasonable notice and opportunity, by action or otherwise, to induce the Lessee to cure the default, such opportunity to be no less than the time provided in the Lease for the Lessee to cure.

(3) If you shall terminate the Lease and cancel the shares for a default not curable by the payment of money, then, provided we pay you the amounts which are due to you under the Lease (including its deficiency clause) when due, you shall not sell or sublet the apartment without our approval, unless the net proceeds of such sale or subletting shall equal or exceed the amount owing to us by Lessee.

(d) You will accept payment from us on behalf of Lessee of any sums due under the Lease (including its deficiency clause), any payments made by us under the terms of this agreement will be deemed so paid, and no payments made in accordance herewith shall be deemed to limit our rights against the Lessee pursuant to law.

(e) You shall recognize our right as lienor against the Apartment pursuant to the Security, and, if the Lease be terminated and/or shares cancelled, against the net proceeds of any sale or subletting of the apartment, after reimbursement to you of all sums due you under the Lease.

3. (a) Before delivery of this letter by you to us, we will have authority from the Lessee to give, and will, on request, give you a copy of the financial and credit information provided by him, but shall be under no duty to advise you of the results of any credit check we may make.

(b) Notwithstanding any apparent authority granted to us under agreements with the Lessee, **WE SHALL HAVE NO RIGHT OR POWER TO TRANSFER THE APARTMENT UPON FORECLOSURE OR OTHERWISE EITHER TO US OR ANYONE ELSE WITHOUT YOUR APPROVAL AS REQUIRED BY THE LEASE** provided, however, that nothing contained herein shall limit any rights we may have to dispossess the Lessee pursuant to law or realize upon our security in accordance herewith.

(c) If through oversight or negligence you or your agents or employees shall fail to notify us of Lessee's default prior to termination of the Lease, we will not seek to hold you or your agents or employees liable for breach of this agreement, provided that:

(1) you advise us promptly after discovering your failure, and

(2) if you have already sold or contracted to sell the Apartment, that you pay us the net proceeds of such sale (after reimbursing yourselves for all sums due you), or such lesser sum as shall equal the amount owing to us by the Lessee (the balance being payable to the Lessee), or

(3) if you have not contracted to sell the Apartment, that the provisions of paragraphs "2.(c)(3)" and "2.(e)" hereof shall apply.

(d) We will indemnify you and your agent against loss, liability or expense incurred in connection with any claim by the Lessee, his successors or assigns against either of you arising out of our representations pursuant hereto or your agreements herein (except as stated in paragraph "3.(a)" hereof), provided you give us prompt notice of any such claim. We may contest such claim in your name and on your behalf, but at our sole cost and expense, and you will execute such documents and do such things as are reasonably necessary to assist us in such contest.

4. While we have the right but no obligation to cure the Lessee's defaults under the Lease, if we do not do so within the time provided for herein, you shall have no obligation to us, except that in the event of sale or subletting the Apartment, you shall recognize our rights as lienor against the net proceeds of any sale or subletting (after reimbursement to you of all sums which are due to you under the Lease).

Any notice or approval provided for herein shall be deemed valid only if in writing and sent by registered or certified mail, as follows: to you, in care of your Managing Agent, with a copy by regular mail addressed to
at 7 Westchester Plaza
to us at EMIGRANT MORTGAGE COMPANY, INC. Elmsford New York 10523

Either of us may change the address to which notices or approval shall be mailed by notice given as herein provided. This letter and the representations and agreements contained herein shall be deemed made as of the date of the making of the loan.

EMIGRANT MORTGAGE COMPANY INC.

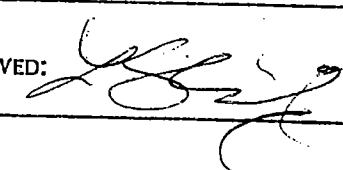
BANK

By:



AGREED TO:

APPROVED:



LESSOR

LESSEE

By GRAUBARD DECL. EX. 25

SEC150

SP0439

LESSEE

JFK OIL TERMINAL CORP

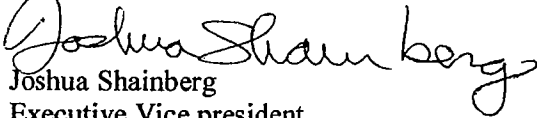
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December 1, 2005
Rudd Realty Management Corp.
Seward Park Office
413 Grand Street
New York, N.Y. 10002

Dear Management Agent,

This letter is an employer letter of reference regarding Laryssa Shainberg. Laryssa Shainberg is the 100% owner and President of the JFK Oil Terminal, located in Berwick, Pennsylvania. The facility handles in excess of 2.5 million gallons of heating oil, which is stored for wholesale distribution. Mrs. Shainberg has been employed full time over the past three years. Her salary is currently \$36,000 and she is paid on a 1099 basis.

Sincerely,



Joshua Shainberg
Executive Vice president
JFK Oil Terminal Corp.
917 [REDACTED] personal cellular #

1453 Salem Boulevard
Berwick, Pa. 18630

PHONE (866) 242-5474

Bank of America

JFK OIL TERMINAL CORP.

REDACTED

Page 3 of 6
 Statement Period
 09/01/05 through 09/30/05
 E00 P PC 0C
 Enclosures 9
 Account Number [REDACTED]

00321

Deposit Accounts**Business Economy Checking**

JFK OIL TERMINAL CORP.

Your Account at a Glance

Account Number	[REDACTED]	Statement Beginning Balance	\$2.05
Statement Period	09/01/05 through 09/30/05	Amount of Deposits/Credits	\$37,865.00
Number of Deposits/Credits	7	Amount of Withdrawals/Debits	\$14,287.15
Number of Withdrawals/Debits	70	Statement Ending Balance	\$23,579.90
Number of Deposited Items	3		
Number of Days in Cycle	30	Average Ledger Balance	\$15,535.00
		Service Charge	\$0.00

Deposits and Credits

Date Posted	Amount (\$)	Description	Bank Reference
09/06	1,000.00	Return Of Posted Check / Item (Received On 09-02) Check #0000001058	955209020005592
09/07	1,500.00	Credit 009503593427 004170722934 Effective 090605	955009060061967
09/07	14,765.00	Counter Credit	813004970206489
09/09	500.00	Counter Credit	813004870184044
09/16	10,000.00	Credit 009503593427 004870369034 Effective 091505	934109150028559
09/28	9,000.00	Counter Credit	813004270010013
09/30	1,100.00	Counter Credit	813004970146293

Withdrawals and Debits
Checks

Check Number	Amount (\$)	Date Posted	Bank Reference	Check Number	Amount (\$)	Date Posted	Bank Reference
055	80.00	09/26	813004970857667	1068	254.20	09/23	813005070798723
058*	1,000.00	09/02	813004870662972	1070*	956.39	09/26	813004170787940
058*	1,000.00	09/20	813004470325724	1073*	275.00	09/27	813004270478425
066*	1,697.54	09/26	813004970739213	1074	180.00	09/27	813004270227539
067	1,300.00	09/19	813004370977786	1075	240.00	09/29	813004470825795

ding check (or checks) is outstanding, is included in the summary listing, or has been included in a previous statement.

Other Debits

Date Posted	Amount (\$)	Description	Bank Reference
09/19	53.00	Capital One Des:Online Pmt ID:526239960004091 Indn:2274919824Shainberg LA Co ID:9279744996 Ccd	900652620598803
09/19	34.33	Verizon By Phone Des:Payment ID:0024902850 Indn:212 [REDACTED] Co ID:1323181805 Ccd	900652620361023
09/19	1.50	Phonecharge Des:Fee ID:0020904115 Indn:212 [REDACTED] Co ID:1113214844 Ccd	900652620379334

Morgan Stanley

Your Financial Advisor
BISHOP/COLE/DARCAN/FLAYDE
MORGAN STANLEY
MACK CENTER IV, S 61 PARAMUS RD.
PARAMUS, NJ 07652
(201) 712-4000

GRAUBARD DECL. EX. 25

JOSHUA SHAINBERG
385 GRAND ST
NEW YORK NY 10002-3968

AAA Customer Service
1-800-869-3326
Householding Anniv. Date:
09/12/2005

Access Your Account at:
www.morganstanley.com/online

430

Account Number

800-869-3326

213,700

213,700

JOSHUA SHAINBERG
385 GRAND ST
NEW YORK NY 10002-3968

AAA Customer Service
1-800-869-3326
Householding Anniv. Date:
09/12/2005

Access Your Account at:
www.morganstanley.com/online

430

Account Number

800-869-3326

213,700

213,700

Asset Summary

	Value	% of Assets
Money Market Funds	\$0.00	0.0%
Stocks	1,806,679.00	100.0
Municipal Bonds	0.00	0.0
Corporate Fixed Income	0.00	0.0
Government Securities	0.00	0.0
Mutual Funds	0.00	0.0
Unit Investment Trusts	0.00	0.0
Certificates of Deposit	0.00	0.0
Annuities/Insurance	0.00	0.0
Other	0.00	0.0
Asset Value	\$1,806,679.00	100.0%
Cash	0.00	
Total Asset Value	\$1,806,679.00	

Income Summary

	This Month	Year-To-Date
Money Market Funds	\$0.00	\$0.00
Stocks	0.00	0.00
Municipal Bonds	0.00	0.00
Corporate Fixed Income	0.00	0.00
Government Securities	0.00	0.00
Mutual Funds	0.00	0.00
Unit Investment Trusts	0.00	0.00
Certificates of Deposit	0.00	0.00
Other	0.00	0.00
Total Income	\$0.00	\$0.00
Taxable Income	\$0.00	\$0.00
Tax Exempt Income	\$0.00	\$0.00

Activity Summary

\$1,479,495.00

Total Asset Value September 30 2005

Cash/Money Market Activity for October

Closing Balance 9/30

\$0.00

Credits To Your Account

Dividend and Interest

Deposits

Sales Proceeds/Redemptions

Other Credits

Total Credits

Debits To Your Account

Checking

Debit Card

Withdrawals

Funds to Purchase Securities

Other Debits

Total Debits

Closing Balance 10/31

0.00

Net Change Cash/Money Market Activity

This Month

Changes in Asset Value for October

Value of Priced Assets 9/30

Securities Bought

Securities Received

Securities Sold/Redeemed

Securities Delivered

Transactions at Fund Company

Change in Value of Priced Assets

Value of Priced Assets 10/31

Net Change in Asset Value

327,184.00

Total Asset Value as of October 31 2005

\$1,806,679.00

REDACTED

Investments and services are offered through Morgan Stanley DW Inc., member SIPC.

SEC150
SP0442

a Control number		OMB No. 1545-0008																																																	
b Employer identification number 60-██████████		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.																																																	
c Employer's name, address, and ZIP code EUROSPEED, INC. 191 Westchester Avenue, Suite 303-C Port Chester, NY 10573		<table border="1"> <tr> <td>1 Wages, tips, other compensation</td> <td>19,230.80</td> <td>2 Federal income tax withheld</td> <td>2,598.05</td> </tr> <tr> <td>3 Social security wages</td> <td>19,230.80</td> <td>4 Social security tax withheld</td> <td>1,192.31</td> </tr> <tr> <td>5 Medicare wages and tips</td> <td>19,230.80</td> <td>6 Medicare tax withheld</td> <td>278.84</td> </tr> <tr> <td>7 Social security tips</td> <td></td> <td>8 Allocated tips</td> <td></td> </tr> <tr> <td>9 Advance EIC payment</td> <td></td> <td>10 Dependent care benefits</td> <td></td> </tr> <tr> <td>11 Nonqualified plans</td> <td></td> <td>12a See instructions for box 12</td> <td></td> </tr> <tr> <td>13 Statutory employee <input checked="" type="checkbox"/></td> <td>Retirement plan <input type="checkbox"/></td> <td>12b</td> <td></td> </tr> <tr> <td>14 Other <input type="checkbox"/></td> <td>Third-party sick pay <input type="checkbox"/></td> <td>12c</td> <td></td> </tr> <tr> <td></td> <td></td> <td>12d</td> <td></td> </tr> <tr> <td>16 State wages, tips, etc.</td> <td>19,230.80</td> <td>18 Local wages, tips, etc.</td> <td>19,230.80</td> </tr> <tr> <td>17 State income tax</td> <td>1,089.80</td> <td>19 Local income tax</td> <td>2,208.36</td> </tr> <tr> <td></td> <td></td> <td>20 Locality name</td> <td>NYC</td> </tr> </table>		1 Wages, tips, other compensation	19,230.80	2 Federal income tax withheld	2,598.05	3 Social security wages	19,230.80	4 Social security tax withheld	1,192.31	5 Medicare wages and tips	19,230.80	6 Medicare tax withheld	278.84	7 Social security tips		8 Allocated tips		9 Advance EIC payment		10 Dependent care benefits		11 Nonqualified plans		12a See instructions for box 12		13 Statutory employee <input checked="" type="checkbox"/>	Retirement plan <input type="checkbox"/>	12b		14 Other <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>	12c				12d		16 State wages, tips, etc.	19,230.80	18 Local wages, tips, etc.	19,230.80	17 State income tax	1,089.80	19 Local income tax	2,208.36			20 Locality name	NYC
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d Employee's social security number ██████████																																																			
e Employee's first name and initial JOSHUA		Last name SEAINBERG																																																	
385 Grand Street New York, NY 10002																																																			
f Employee's address and ZIP code																																																			
15 State NY	Employer's state ID number 60-██████████																																																		

Form **W-2** Wage and Tax Statement

Copy C—For EMPLOYEE'S RECORDS. (See Notice to Employee on back of Copy B.)

Department of the Treasury—Internal Revenue Service

Safe, accurate,
FAST! Use



REDACTED

REDACTED

GRAUBARD DECL. EX. 25

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0901 2004 Form 1098		Mortgage Interest Statement	
* Caution: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.		1 Mortgage interest received from payer(s)/borrower(s)* \$ 1,675.46		Copy B For Payer The information in boxes 1, 2, and 3 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.	
RECIPIENT'S/LENDER'S name, address, and telephone number SEWARD PARK HOUSING CORPORATION C/O COOPER SQUARE REALTY INC 6 EAST 43RD STREET NEW YORK, NY 10017		2 Points paid on purchase of principal residence (See Box 2 on back.) \$		3 Refund of overpaid interest (See Box 3 on back.) \$	
RECIPIENT'S Federal Identification Number 13-5663711		4 NUMBER OF ROOMS: 6 INT. PER ROOM PER YR.: 0		Department of the Treasury - Internal Revenue Service	
PAYER'S/BORROWER'S name, address, and ZIP code JOSHUA SHAINBERG LARYSSA SHAINBERG 385 GRAND STREET - APT L0806 NEW YORK, NY 100025654		Account number (optional) ACCT. NO.: 143-206 APT. NO.: L0806		(keep for your records)	
Form 1098		Form 1098			

SEC150
SP0444

Your Financial Advisor
 RBISHOP/COLE/DARCAN/FLAYDE
 MORGAN STANLEY
 385 GRAND ST
 NEW YORK, NY 10002-3968
 (201) 712-4000

ACTIVE ASSETS ACCOUNT®
 FOR MONTH ENDING OCTOBER 31, 2005
 JUNE 49 213,700 ACCT.

Account Number
 AAA Customer Service
 1-800-869-3326
 Householding Annu. Date:
 09/12/2005
 Access Your Account at:
 www.morganstanley.com/online

JOSHUA SHAINBERG
 385 GRAND ST
 NEW YORK NY 10002-3968

Asset Summary

	Value	% of Assets
Money Market Funds	\$0.00	0.0%
Stocks	1,806,679.00	100.0
Municipal Bonds	0.00	0.0
Corporate Fixed Income	0.00	0.0
Government Securities	0.00	0.0
Mutual Funds	0.00	0.0
Unit Investment Trusts	0.00	0.0
Certificates of Deposit	0.00	0.0
Annuities/Insurance	0.00	0.0
Other	0.00	0.0
Asset Value	\$1,806,679.00	100.0%
Cash	0.00	
Total Asset Value	\$1,806,679.00	

Income Summary

	This Month	Year-To-Date
Money Market Funds	\$0.00	\$0.00
Stocks	0.00	0.00
Municipal Bonds	0.00	0.00
Corporate Fixed Income	0.00	0.00
Government Securities	0.00	0.00
Mutual Funds	0.00	0.00
Unit Investment Trusts	0.00	0.00
Certificates of Deposit	0.00	0.00
Other	0.00	0.00
Total Income	\$0.00	\$0.00
Capital Gains	\$0.00	\$0.00
Tax Exempt Income	\$0.00	\$0.00

Activity Summary

Total Asset Value September 30 2005	\$1,479,495.00
Cash/Money Market Activity for October	
Closing Balance 9/30	\$0.00
Credits To Your Account	
Dividend and Interest	0.00
Deposits	0.00
Sales Proceeds/Redemptions	0.00
Other Credits	0.00
Total Credits	0.00
Debits To Your Account	
Checking	0.00
Debit Card	0.00
Withdrawals	0.00
Funds to Purchase Securities	0.00
Other Debits	0.00
Total Debits	0.00
Closing Balance 10/31	0.00

Net Change Cash/Money Market Activity

Changes in Asset Value for October	
Value of Priced Assets 9/30	\$1,479,495.00
Securities Bought	0.00
Securities Received	36,040.00
Securities Sold/Redeemed	0.00
Securities Delivered	0.00
Transactions at Fund Company	0.00
Change in Value of Priced Assets	291,144.00
Value of Priced Assets 10/31	1,806,679.00
Net Change in Asset Value	327,184.00

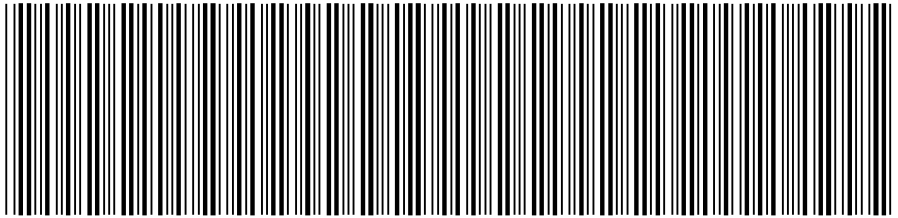
Total Asset Value as of October 31, 2005 \$1,806,679.00

PLAINTIFF'S
 EXHIBIT
 16
 2-28-07 LA

REDACTED

**NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER**

This page is part of the instrument. The City Register will rely on the information provided by you on this page for purposes of indexing this instrument. The information on this page will control for indexing purposes in the event of any conflict with the rest of the document.


2005112100419001001E8ED8
RECORDING AND ENDORSEMENT COVER PAGE
PAGE 1 OF 3
Document ID: 2005112100419001
Document Date: 11-21-2005
Preparation Date: 11-21-2005
Document Type: INITIAL COOP UCC1
COOPERATIVE
Document Page Count: 2
PRESENTER:

SHARP RESEARCH CORPORATION
31-19 37TH AVENUE
LONG ISLAND CITY, NY 11101
718-786-5566
05F1528-NYC

RETURN TO:

SHARP RESEARCH CORPORATION
31-19 37TH AVENUE
LONG ISLAND CITY, NY 11101
718-786-5566
05F1528-NYC

PROPERTY DATA

Borough	Block	Lot	Unit	Address
MANHATTAN	311	13	Entire Lot	806 385 GRAND STREET

Property Type: SINGLE RESIDENTIAL COOP UNIT

CROSS REFERENCE DATA

CRFN _____ or Document ID _____ or _____ Year _____ Reel _____ Page _____ or File Number _____

PARTIES
DEBTOR:

LARYSSA SHAINBERG
385 GRAND STREET
NEW YORK, NY 10002

SECURED PARTY:

EMIGRANT MORTGAGE COMPANY INC
7 WESTCHESTER PLAZA
ELMSFORD, NY 10523

FEES AND TAXES

Mortgage		Recording Fee: \$	40.00
Mortgage Amount:	\$	Affidavit Fee: \$	0.00
Taxable Mortgage Amount:	\$	NYC Real Property Transfer Tax Filing Fee:	
Exemption:		\$	0.00
TAXES: County (Basic):	\$	NYS Real Estate Transfer Tax:	
City (Additional):	\$	\$	0.00
Spec (Additional):	\$		
TASF:	\$		
MTA:	\$		
NYCTA:	\$		
Additional MRT:	\$		
TOTAL:	\$		

**RECORDED OR FILED IN THE OFFICE
OF THE CITY REGISTER OF THE
CITY OF NEW YORK**

Recorded/Filed 11-25-2005 12:53

City Register File No.(CRFN):

2005000653902


City Register Official Signature

GRAUBARD DECL. EX. 27
SEC152

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

SHARP RESEARCH CORP
31-19 37TH AVENUE
LONG ISLAND CITY, NEW YORK 11101

ATTN: JUDITH

REF#: 05F1528

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a ORGANIZATION'S NAME					
OR	1b INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
	SHAINBERG		LARYSSA		
1c MAILING ADDRESS			CITY	STATE	POSTAL CODE
385 Grand Street			New York	NY	10002
1d SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e TYPE OF ORGANIZATION	1f JURISDICTION OF ORGANIZATION	1g ORGANIZATIONAL ID #, if any	
					<input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a ORGANIZATION'S NAME					
OR	2b INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c MAILING ADDRESS			CITY	STATE	POSTAL CODE
2d SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e TYPE OF ORGANIZATION	2f JURISDICTION OF ORGANIZATION	2g ORGANIZATIONAL ID #, if any	
					<input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a ORGANIZATION'S NAME					
OR	3b INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
	EMIGRANT MORTGAGE COMPANY, INC.				
3c MAILING ADDRESS			CITY	STATE	POSTAL CODE
7 WESTCHESTER PLAZA			ELMSFORD	NY	10523
					USA

4. This FINANCING STATEMENT covers the following collateral:

Cooperative proprietary lease and 39 shares of stock issued by Seward Park Housing Corporation allocated to unit 806 in the building known as 385 Grand Street, New York, New York 10002.

Loan #1173694

5. ALTERNATIVE DESIGNATION (if applicable)	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG LIEN	<input type="checkbox"/> NON-UCC FILING
6. <input checked="" type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum.	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (if applicable) (ADDITIONAL FEE) (optional)		All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2 <input type="checkbox"/>			
8. OPTIONAL FILER REFERENCE DATA						

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

GRAUBARD DECL. EX. 27

SEC153

UCC FINANCING STATEMENT COOPERATIVE ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME + PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

19. Complete EITHER 19a or 19b. ☒ 19a. This COOPERATIVE ADDENDUM accompanies a FINANCING STATEMENT. 19b. File Number assigned to the initial FINANCING STATEMENT:

20. FIRST DEBTOR OF RECORD: (Complete either 20a or 20b, but not both.)

20a. ORGANIZATION'S NAME:

OR

20b. INDIVIDUAL'S LAST NAME:

SHAINBERG

FIRST NAME:

LARYSSA

MIDDLE NAME:

SUFFIX:

21. FIRST SECURED PARTY OF RECORD: (Complete either 21a or 21b, but not both.)

21a. ORGANIZATION'S NAME:

EMIGRANT MORTGAGE COMPANY, INC.

OR

21b. INDIVIDUAL'S LAST NAME:

FIRST NAME:

MIDDLE NAME:

SUFFIX:

22. This COOPERATIVE ADDENDUM covers: (Check one.)

☒ One COOPERATIVE INTEREST ☐ More than one COOPERATIVE INTEREST

23. Unit uses: (Check all that apply.)

☒ Residential ☐ Commercial ☐ Parking
☐ Storage ☐ Other (If checked, complete 23a).

23a. Specify other Unit use(s):

IMPORTANT:

This COOPERATIVE ADDENDUM is for use when the collateral includes a COOPERATIVE INTEREST.

Only as to collateral which is a COOPERATIVE INTEREST, but not as to other collateral, the initial FINANCING STATEMENT to which this COOPERATIVE ADDENDUM relates shall be effective for 50 years from the date of filing the initial FINANCING STATEMENT.

24. COOPERATIVE UNIT REAL PROPERTY FILING DATA:

24a. ADDRESS NUMBER and STREET: (One only)

385 Grand Street

24b. COMMUNITY (e.g., City, Town, Village or Borough):

NewYork

24c. COUNTY:

NewYork

24d. DISTRICT:

24e. SECTION:

24f. BLOCK:

24g. LOT:

24h. UNIT NUMBER(S) or DESIGNATION(S):

#806

26. Complete if applicable. (If checked, complete 26a.)

☐ The purpose of this COOPERATIVE ADDENDUM is to SUBORDINATE this security interest to another security interest in the same COOPERATIVE INTEREST.

26a. FILE NUMBER of security interest being given consensual priority:

27. Check if Applicable.

☐ The security agreement provides for FUTURE ADVANCES.

28. MISCELLANEOUS:

25. Name of the COOPERATIVE ORGANIZATION:

Seward Park Housing Corporation

NEW YORK UCC FINANCING STATEMENT COOPERATIVE ADDENDUM (FORM UCC1CA4) (REV. 6/14/01)

Sullivan County
George L Cooke
County Clerk
Monticello, NY 12701



60 2006 00001921

Instrument Number: 2006- 00001921

Recorded On: February 08, 2006

As
Deed

Parties: SOLOMON NEUGARTEN LIVING TRUST

To
SHAINBERG LARYSSA

Billable Pages: 3

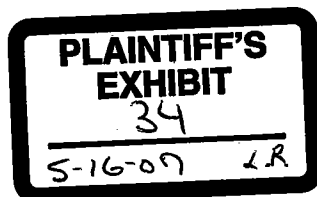
Recorded By: SIGNATURE TITLE AGENCY & LAND SERVICES

Num Of Pages: 4

Comment:

**** Examined and Charged as Follows: ****

Deed	37.00	RP 5217 Residential	75.00	TP 584	5.00
Recording Charge:	117.00				
		Consideration			
	Amount	Amount	RS#/CS#		
Tax-Transfer	700.00	175,000.00	2859	Basic	0.00
				Additional	0.00
				Special Additional	0.00
				Transfer	700.00
Tax Charge:	700.00				

**** THIS PAGE IS PART OF THE INSTRUMENT ****

I hereby certify that the within and foregoing was recorded in the Clerk's Office For: Sullivan County, NY

File Information:

Document Number: 2006- 00001921

Receipt Number: 32174

Recorded Date/Time: February 08, 2006 11:19:25A

Book-Vol/Pg: Bk-REL VI-3109 Pg-619

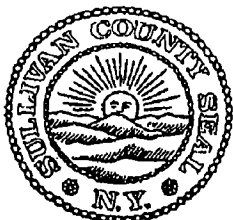
Cashier / Station: K F / Cash Station 04

Record and Return To:

SIGNATURE TITLE AGENCY & LAND SERVICES

1300 FLATBUSH AVE

BROOKLYN NY 11210



George L Cooke

GEORGE L. COOKE
SULLIVAN COUNTY CLERK

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT-THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY

REDACTED

THIS INDENTURE, made the 23rd day of December, 2005

BETWEEN

The Solomon Neugarten Living Trust - Solomon Neugarten and Joan Neugarten, Trustees
having an address at [REDACTED], Brooklyn, New York 11236

party of the first part, and

Laryssa Shainberg having an address at 385 Grand Street, New York, New York 10002

party of the second part,

WITNESSETH, that the party of the first part, in consideration of

One Hundred Seventy Five Thousand dollars
paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs
or successors and assigns of the party of the second part forever,

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate,
lying and being in the

Village of Loch Sheldrake, Town of Fallsburg, County of Sullivan, State of New York

Said premises known as #57 Vacation Village Townhouse Road, Loch Sheldrake, New York 12759

As Described as per Attached Schedule A

Section: 17A; Block 1; Lot 203.1

This premises being the same as granted to Grantors from Bennet Levine and Linda Levine, his wife and recorded
10/16/1998 in Liber 2054 Page 442, in the Office of the County Clerk, Sullivan County

Sec. 17A

Block: 1

Lot: 203.1

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads
abutting the above described premises to the center lines thereof; TOGETHER with the appurtenances and all
the estate and rights of the party of the first part in and to said premises; TO HAVE AND TO HOLD the
premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of
the second part forever.

AND the party of the first part covenants that the party of the first part has not done or suffered anything
whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the
first part will receive the consideration for this conveyance and will hold the right to receive such consideration
as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same
first to the payment of the cost of the improvement before using any part of the total of the same for any other
purpose. The word "party" shall be construed as if it read "parties" when ever the sense of this indenture so
requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above
written.

IN PRESENCE OF:

Solomon Neugarten
Solomon Neugarten, Trustee

Joan Neugarten
Joan Neugarten, Trustee

ACKNOWLEDGMENT IN NEW YORK STATE (RPL 309-a)

State of New York, County of

ss.:

On December 23, 2005 before me, the undersigned, personally appeared Solomon Neugarten and Joan Neugarten TRUSTEES personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Joshua Turner
(signature and office of individual taking acknowledgment)

JOSHUA TURNER
Notary Public, State of New York
No. 01TU4983838
Qualified in Queens County
Commission Expires July 8, 2007

personally appeared

personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in

(insert city or political subdivision and state or county or other place acknowledgment taken)

(signature and office of individual taking acknowledgment)

ACKNOWLEDGMENT BY SUBSCRIBING WITNESS(ES)

State of
County of

ss.:

On
personally appeared

before me, the undersigned,

the subscribing witness(es) to the foregoing instrument, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that he/she/they reside(s) in (if the place of residence is in a city, include the street and street number, if any, thereof);

that he/she/they know(s)

to be the individual(s) described in and who executed the foregoing instrument; that said subscribing witness(es) was (were) present and saw said

execute the same; and that said witness(es) at the same time subscribed his/her/their name(s) as a witness(es) thereto.

(☐ If taken outside New York State insert city or political subdivision and state or county or other place acknowledgment taken And that said subscribing witness(es) made such appearance before the undersigned in

(signature and office of individual taking acknowledgment)

Bargain and Sale Deed

WITH COVENANT AGAINST GRANTOR'S ACTS

TITLE No. CH0305-00496

THE SOLOMON NEUGARTEN LIVING TRUST
SOLOMON NEUGARTEN and JOAN NEUGARTEN, TRUSTEES

TO

LARYSSA SHAINBERG

SECTION 17A

BLOCK 1

LOT 203.1

COUNTY ~~OF TOWN~~ Sullivan

RETURN BY MAIL TO:

Benjamin Turner, Esq.
2800 Kings Highway
Brooklyn, New York 11229

Zip No.

Reserve this space for use of Recording Office.

GRAUBARD DECL. EX. 28

SEC157

Chicago Title Insurance Company

CH0305-00496

SCHEDULE A

PROPERTY DESCRIPTION

All that certain plot, piece or parcel of land, situate, lying and being in the Town of Fallsburg, County of Sullivan, State of New York, being more particularly described as Townhouse Block 9, Lot 57, as shown on a certain map dated January 23, 1985, by Silvers Engineering Associates, known as Vacation Village, Phase II Subdivision Plat (revised) filed in the Office of the Clerk of the County of Sullivan on July 15, 1986 as Map # 4-156 and refilled in said office on May 25, 1989 in Dr. 25 as Map #1036A.

INSUR

28-
75-
③ 9-
700-
5-

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----X
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

DECISION AND ORDER (Corrected)

- v -

CV 99-7357 (VVP)

MICHAEL LIPKIN and JOSHUA SHAINBERG,

Defendants.
-----X

Following a jury verdict in favor of the plaintiff and against the defendants Michael Lipkin and Joshua Shainberg, the parties submitted briefing concerning the appropriate relief to be awarded against the defendants. The plaintiff requested four categories of relief: (1) permanent injunctions against both defendants; (2) disgorgement by the defendants of the proceeds of their fraudulent schemes; (3) prejudgment interest; and (4) civil penalties. The defendant Shainberg has submitted opposition to the plaintiff's requests for relief; the defendant Lipkin has not. Upon consideration of the submissions of the parties the court awards the relief set forth below.

Permanent Injunctions

By its verdict the jury found that both defendants engaged in a fraudulent scheme to obtain undisclosed kickbacks in connection with the sale of the stock of Alter Sales Co., Inc., a publicly traded company, and that the defendant Lipkin engaged in a further scheme to make false representations to investors in connection with the sale of that stock. Participation in these schemes constituted violations of section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a), section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated under section 10(b).

Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), and section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), authorize the Commission to seek, and the court to grant, permanent injunctions “upon a proper showing.” *Id.* In addition to proof that the defendants committed a violation of the securities laws in question, a matter established by the jury’s verdict, a “proper showing” requires proof that a reasonable likelihood exists that violations will occur in the future. *S.E.C. v. Commonwealth Chemical Securities, Inc.*, 574 F.2d 90, 99-100 (2nd Cir. 1978) (Friendly, J.).¹ Among the factors to be considered when assessing the likelihood of future violations are

the fact that the defendant has been found liable for illegal conduct; the degree of scienter involved; whether the infraction is an “isolated occurrence;” whether defendant continues to maintain that his past conduct was blameless; and whether, because of his professional occupation, the defendant might be in a position where future violations could be anticipated.

S.E.C. v. Cavanagh, 155 F.3d 129, 135 (2nd Cir. 1998) (citing *Commonwealth Chemical Securities, Inc.*, 574 F.2d at 100). Finally, in assessing the strength of the showing concerning likelihood of future violations, the court should consider the specific nature of the injunctive relief sought. Thus, the more onerous the burdens imposed by the injunction are, the more persuasive the showing regarding the risk of recurrence should be. *See S.E.C. v. Unifund SAL*, 910 F.2d 1028, 1039 (2nd Cir. 1990).

¹When a preliminary, rather than permanent, injunction is at issue, the Second Circuit has applied a perhaps more stringent standard. Addressing a request for a preliminary injunction in *S.E.C. v. American Bd. of Trade, Inc.*, 751 F.2d 529, 533-34 (2nd Cir. 1984), Judge Friendly articulated the standard as a “strong” rather than “reasonable” likelihood that a violation will occur again in the future. There is logic for applying a somewhat more relaxed “reasonableness” standard when permanent relief is sought, because by then the court has the benefit of a determination by a jury or other fact-finder that the defendant has indeed committed a violation of the securities laws.

Given these considerations, the court has no difficulty concluding that properly limited injunctions are appropriate in this matter. The defendants' violations of the securities laws were systematic and calculated. They involved a high degree of "scienter" as proved by the substantial efforts the defendants took to hide the proceeds they received from the scheme through offshore bank accounts. The occurrences were not isolated, but rather took place continuously over a two-month period. Moreover, the defendants have yet to acknowledge their culpability despite the overwhelming evidence of their involvement in unlawful activity. Indeed, as discussed more fully below, the defendants have continued in their efforts to deceive in their submissions to the court regarding the remedies here at issue. As an officer of a publicly traded company, Shainberg remains in a position to violate securities laws. Although there is no evidence that Lipkin is now active in the securities industry, in contrast to Shainberg he personally made false representations to customers of his brokerage firm in an effort to sell Alter Sales, Inc. Stock, and directed others to do so as well. Finally, the injunctions that will be imposed are not onerous. They simply require that the defendants not break the law, an obligation that they are supposed to observe in any event. Indeed, the defendants themselves do not oppose the request for injunctive relief. Accordingly, the court will issue an order prohibiting the defendants from committing further violations of section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a), section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

Disgorgement

Disgorgement of unlawfully obtained profits is an appropriate equitable remedy for violations of the securities laws. See *S.E.C. v. Patel*, 61 F.3d 137, 139 (2nd Cir. 1995). Disgorgement serves the purpose of depriving the wrongdoers of the gains of their wrongful conduct. *S.E.C. v. Texas Gulf Sulphur Co.*, 446 F.2d 1301, 1308 (2d Cir.), *cert. denied*, 404 U.S.

1005, 92 S.Ct. 562, 30 L.Ed.2d 558 (1971). “The district court has broad discretion not only in determining whether or not to order disgorgement but also in calculating the amount to be disgorged.” *S.E.C. v. First Jersey Securities, Inc.*, 101 F.3d 1450, 1474-75 (2nd Cir. 1996) (citing *S.E.C. v. Lorin*, 76 F.3d 76 F.3d 458, 462 (2nd Cir. 1996) (per curiam)). “The amount of disgorgement ordered ‘need only be a reasonable approximation of profits causally connected to the violation.’” *Id.* (quoting *Patel*, 61 F.3d at 139).

The evidence at trial established, with great specificity, the proceeds received by Shainberg and Lipkin from the fraudulent schemes. Documentary and testimonial evidence tracked the fraudulently induced sales of Alter Sales, Inc. shares which constituted the kickbacks for their participation in fraudulently promoting that stock. The total received from the sales of the “kickback” stock, as clearly established by various account records, was \$277,382.45. Documentary and testimonial evidence further tracked the transmittal of the proceeds to accounts controlled by Shainberg and Lipkin. Most of the proceeds were eventually funnelled to an offshore bank account controlled by Shainberg, from which disbursements were made to individuals and entities for the benefit of both Shainberg and Lipkin. The plaintiff more than met its burden of establishing the amount of the defendants’ ill-gotten gains.

Only Shainberg offers argument and evidence in opposition, the thrust of which is an effort to minimize his role in the fraudulent kickback schemes. Thus, he attempts to prove, by offering the affidavit of an individual named Aidan Doyle, that it was not Shainberg, but Doyle, who opened one of the brokerage accounts used in the scheme. He offers the unsworn statement of his codefendant Lipkin to the effect that, in direct contrast to his own and Lipkin’s trial testimony, he was not a 50% co-owner of Hubert Rosche Ltd., the brokerage firm he and Lipkin established and used in part to conduct their fraudulent activities. Finally, he argues that in

contrast to Lipkin the jury made no finding that he made false and misleading statements to investors, and that he should therefore be treated more leniently than Lipkin as to the relief ordered.

Shainberg's attempts to minimize his role would be laughable were it not for the brazen and cavalier nonchalance about the truth that they display. Indeed, as Shainberg and Lipkin no doubt realized, had Lipkin actually sworn to the affidavit that Shainberg submitted, they could both be prosecuted for perjury and subornation of perjury based simply on the irreconcilability of the statements made by Lipkin under oath at trial and the statements in the affidavit. See 18 U.S.C. 1623(b) ("In any prosecution under this section, the falsity of a declaration set forth in the indictment or information shall be established sufficient for conviction by proof that the defendant while under oath made irreconcilably contradictory declarations material to the point in question in any proceeding before or ancillary to any court or grand jury.") As for Doyle's affidavit, it is entitled to no weight. Shainberg could have called Doyle to testify at trial, where he would have been subject to cross-examination, but did not. It is not hard to see why. Doyle was, and apparently still is, a friend and business associate of Shainberg's who himself participated in sales, probably fraudulent, of Alter Sales, Inc. stock while working for the same firm, Securities Planners, with which Shainberg's firm was affiliated. Moreover, even if Doyle, as opposed to Shainberg, did open the account he claims to have opened, that does not overcome the overwhelming evidence that the proceeds of the fraudulent sales made through that account were ultimately transferred to an offshore bank account over which Shainberg exercised virtually exclusive control. Finally, it is immaterial whether Shainberg himself made false and misleading statements to investors, he only had to have participated in the scheme knowing such statements were being made. The jury's verdict unequivocally found that he did.

Shainberg's efforts to minimize his role, and particularly his willingness to obtain and use false assertions by others, convince the court that stiffer, rather than more lenient, remedies are appropriate.² Thus, the court finds that he and Lipkin should be ordered jointly and severally to disgorge the full amount of the kickbacks they obtained.

Prejudgment Interest

Prejudgment interest may be awarded at the court's discretion. *First Jersey Securities, Inc.*, 101 F.3d at 1476 (citing *Endico Potatoes, Inc. v. CIT Group/Factoring, Inc.*, 67 F.3d 1063, 1071-72 (2nd Cir. 1995)). The purpose of awarding this remedy, which is particularly appropriate in enforcement actions such as this one, is to strip the wrongdoer of all benefits of his wrongdoing. *See, id.* The factors to be considered include "(i) the need to fully compensate the wronged party for actual damages suffered, (ii) considerations of fairness and the relative equities of the award, (iii) the remedial purpose of the statute involved, and/or (iv) such other general principles as are deemed relevant by the court." *Id.* (quoting *Wickham Contracting Co. v. Local Union No. 3*, 955 F.2d 831, 833-34 (2d Cir.), *cert. denied*, 506 U.S. 946 (1992)). The interest rate to be charged is the IRS underpayment rate since that is the cost of borrowing money from the government and therefore best approximates the benefit received from the use of the ill-gotten money. *See id.* The interest should be calculated from the date the ill-gotten gains were received. *Id.*

Considering the above factors, an award of prejudgment interest is appropriate here to accomplish the remedial purpose of the statutes, particularly since the defendants not only refuse to acknowledge their wrongdoing, but continue to engage in efforts to deceive the court. The court has examined the methodology used by the defendants in calculating prejudgment interest,

²For this reason, the plaintiff's request to strike Shainberg's supplemental response, including the affidavit of Doyle and the unsworn statement of Lipkin, is denied.

which calculates interest on each installment of kickback proceeds from the date the installment was received. The court also approves the compounding of interest quarterly, which is actually generous to the defendants when compared to the IRS's approach which compounds daily. See 26 U.S.C. § 6622. Thus the total amount of prejudgment interest through September 30, 2005 is \$300,277.36, plus additional interest calculated in the same manner from that date until the submission of the final judgment as ordered below.

Civil Penalties

Both the Securities Act and the Securities Exchange Act authorize the imposition of civil penalties for the conduct in which the defendants engaged. See 15 U.S.C. §§ 77t(d) and 78u(d)(3). The penalty provisions of both statutes are identical, and involve a three-tier system, the most serious of which is the third tier. The imposition of third tier penalties, which the plaintiff seeks, requires proof that “the violation . . . involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement,” and that “such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.” 15 U.S.C. §§ 77t(d)(2)(C) and 78u(d)(3)(B)(iii). Third tier penalties may be imposed in an amount up to \$100,000 for each violation or the gross amount of pecuniary gain obtained by a defendant as a result of the violation. See *id.*

The evidence at trial established both prerequisites for third tier penalties. The violation involved receipt of kickbacks which the defendants fraudulently failed to disclose to buyers, as well as other false and misleading statements made to buyers of Alter Sales, Inc. stock. After the defendants' promotional efforts on behalf of the stock ended, the stock declined precipitously and at least 45 customers lost virtually their entire investments when the stock became practically worthless.

There were potentially at least 45 violations of the securities laws by these defendants because at least 45 customers purchased Alter Sales, Inc. shares during the life of the kickback arrangements. Penalties of \$4.5 million (45 x \$100,000) for each defendant would be excessive, however. Rather, for purposes of the imposition of penalties the court views each of the two kickback schemes as a separate violation. Because of the seriousness of the violations, however, it is appropriate to impose the maximum penalty of \$100,000 on each defendant for each of the two schemes. Thus, each defendant will be ordered to pay \$200,000 in civil penalties.

CONCLUSION

For the foregoing reasons, the court finds that the following remedies are appropriate as against the defendants Michael Lipkin and Joshua Shainberg:

(1) a permanent injunction barring them from further violations of section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a), section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated under section 10(b);

(2) disgorgement of the proceeds of their unlawful conduct in the amount of \$277,382.45 for which they are jointly and severally liable;

(3) prejudgment interest in the amount of \$300,277.36 through September 30, 2005, plus additional interest calculated in the same manner from that date until the date of judgment; and

(4) civil penalties in the amount of \$200,000 each.

The plaintiff shall submit a formal judgment in accordance with the foregoing promptly.

SO ORDERED:

Viktor V. Pohorelsky
VIKTOR V. POHORELSKY
United States Magistrate Judge

Dated: Brooklyn, New York
January 9, 2006

ASSETS AND LIABILITIES STATEMENT

Applicant's Name LARYSSA SHAINBERGStatement of Financial Condition as of the 1st day of DECEMBER, 200

Please Note: Supporting documentation for all assets and liabilities is to be attached to this statement. Please use the word "where no amount is to be entered."

ASSETS		LIABILITIES	
Cash in bank (attach bank statements)	\$ 2000	Notes Payable (attach schedule B)	\$ —
Downpayment on contract (if paid)		Mortgages payable (attach schedule A)	—
Securities (Stocks & Bonds-attach statements)	57,000	Unpaid Real Estate Taxes	—
Cash value of life insurance, less any loans		Unpaid Income Taxes	APX 3500
Investment in own business <u>OIL TERMINAL</u>	2,500,000	Accounts Payable (attach schedule C)	
Real Estate Owned (attach schedule A)	800,000	Outstanding Credit Card Balances (attach schedule C)	9894
Vested Interest in Retirement Fund		Other Liabilities (itemize)	
Automobile (make and year)		<u>CAR LEASE 469 per mo.</u>	
Loans and Notes Receivable		<u>for \$17,374 over 5 year term</u>	
Personal Property and Furniture			
Other Assets (itemize)			
<u>ART</u>	75,000		
<u>STAMPS</u>	1,500,000		
TOTAL ASSETS	\$ 4,934,000	TOTAL LIABILITIES	\$ 13,394
Contingent Liabilities (personal guarantees or potential liabilities-attach schedule D)	\$	NET WORTH (excess of assets over liabilities)	\$ 4,920,606

The foregoing statements and details pertaining thereto, both printed and written, have been carefully read and the undersigned hereby solemnly declares and certifies that same is a full and correct exhibit of my/our financial condition.

Date 12/1/05

[Signature]
Signature of Applicant

Signature of Applicant

SCHEDULE A - REAL ESTATE OWNED

Location and Type of Property	Title In the Name of	Date Acquired	Cost	Recent Appraised Value	Mortgage Balance	Maturity Date	Month Paym
385 Grand St. #L806	Laryssa Shalberg	4/3/03	TSFR	800,000	0	—	—

SCHEDULE B - NOTES PAYABLE

Amount	Due to	In Name of	Maturity Date	Collateral	Month Paym

SCHEDULE C - ACCOUNTS PAYABLE (include credit card balances here)

Amount	Due to	In Name of	Maturity Date	Month Paym
6010	CHASE	Laryssa Shalberg	Rev	200
1929	CHASE	" "	Rev	100
1304	CAPITAL 1 BANK	" "	Rev	100
561	Washington Mutual	" "	Rev	50
90	Bank of America	" "	Rev	10

SCHEDULE D - CONTINGENT LIABILITIES

Amount	Type	Due to	Obligor	Final Maturity/ or repayment	Collateral *

*including Letters of Credit and Surety Bonds

GRAUBARD DECL. EX. 30

SEC168
SP0434

2005 YEARLY INCOME AND EXPENSE STATEMENT

Instructions: If the income tax statement you submit with this application is for the prior calendar year, then complete the form for the current calendar year only. If you have not submitted a filed income tax statement for the prior calendar year, complete two forms; one for the preceding year and one for the current calendar year.

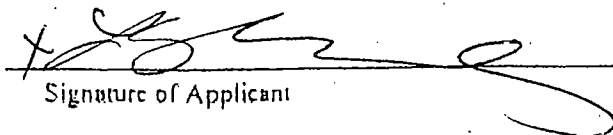
Applicant's Name LADYSSA SHAINBERG

INCOME		EXPENSES	
Salary (or earned income)	\$	Mortgage Payments (principal & interest)	
Bonus and Commissions		Real Estate Taxes	—
Real Estate Income (Net)		Rent/Co-op/Condo Maintenance	9000
Share of partnership income (loss)		Loan or Note Payments	—
Business Income (Net) Sole Proprietorship	36,000	Auto Loan/Lease Payments	2352
Dividends		Insurance Premiums Life, Health, CAR, HOME	14,984
Interest		Tuition Expenses	21,500
Pension (IRA, Keogh)		Charitable Contributions	3500
Social Security		Medical (unreimbursed)	7000
Investments (describe)		Alimony, Child Support, maint.	—
See below		Living Expenses (food, clothing, utilities, etc)	24,000
Other Income (itemize) Stock sales net	110,904	Credit Card payments	3,000
ART Sales net	9,000	Investment Expenses	500
MUTUAL FUND sales net	94,663	Pension (IRA, Keogh)	—
		Other Expenses (itemize) BUSINESS	12,000
		Social Security	—
		Medicare	—
		Income Taxes APPX.	7500
TOTAL INCOME	\$ 250,567	TOTAL EXPENSES	105,336

List any unsatisfied judgments or legal actions pending against you and the amounts involved N/A

Have you ever gone through bankruptcy or other insolvency proceedings? No

Date 12/01/05


Signature of Applicant